

105TH CONGRESS  
1ST SESSION

# H. R. 1639

To establish an education development block grant program to allow local educational agencies to use such funds and to borrow five times the amount of such funds to repair school infrastructure.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 15, 1997

Ms. WATERS (for herself, Mr. CUMMINGS, Mr. HILLIARD, Mr. JACKSON of Illinois, Ms. JACKSON-LEE of Texas, Ms. MCKINNEY, Mrs. MEEK of Florida, Mr. THOMPSON, Ms. BROWN of Florida, Mr. RUSH, Mr. TOWNS, Mr. DIXON, Mr. STOKES, Mr. CONYERS, Mr. DELLUMS, Mr. RANGEL, Mrs. CLAYTON, Ms. KILPATRICK, Mr. CLYBURN, Mr. FORD, Mr. DAVIS of Illinois, Mr. OWENS, Mr. WATT of North Carolina, Mr. WYNN, Mr. SCOTT, Mr. HASTINGS of Florida, Ms. CHRISTIAN-GREEN, Ms. CARSON, Ms. NORTON, Mr. PAYNE, Mr. CLAY, Mr. JEFFERSON, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. FATTAH, Mr. LEWIS of Georgia, and Ms. MILLENDER-MCDONALD) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To establish an education development block grant program to allow local educational agencies to use such funds and to borrow five times the amount of such funds to repair school infrastructure.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Education Develop-  
3 ment Block Grant Act of 1997”.

4 **SEC. 2. TABLE OF CONTENTS.**

Sec. 1. Short title.  
Sec. 2. Table of contents.  
Sec. 3. Definitions.

TITLE I—BLOCK GRANTS AND GRANT REQUIREMENTS

Sec. 101. Block grants.  
Sec. 102. Education plans.  
Sec. 103. Review of plans.  
Sec. 104. Regulations.  
Sec. 105. Authorization of appropriations.

TITLE II—ALLOCATION OF GRANT AMOUNTS

Sec. 201. Annual allocation.

TITLE III—FEDERAL GUARANTEES FOR FINANCING

Sec. 301. Authority and requirements.  
Sec. 302. Security and repayment.  
Sec. 303. Payment of interest.  
Sec. 304. Training and information.  
Sec. 305. Limitations on amount of guarantees.

5 **SEC. 3. DEFINITIONS.**

6       (a) **LOCAL BOND AUTHORITY.**—The term “local  
7 bond authority” means—

8           (1) a local educational agency with authority to  
9       issue a bond for construction or renovation of edu-  
10      cational facilities in a local area; and

11          (2) a political subdivision of a State with au-  
12      thority to issue such a bond for an area including  
13      a local area.

14       (b) **SECRETARY.**—The term “Secretary” means the  
15 Secretary of Education.

1 (c) STATE.—The term “State” means each of the  
 2 several States of the United States, the District of Colum-  
 3 bia, and the Commonwealth of Puerto Rico.

## 4 **TITLE I—BLOCK GRANTS AND** 5 **GRANT REQUIREMENTS**

### 6 **SEC. 101. BLOCK GRANTS.**

7 (a) AUTHORITY.—For each of fiscal years 1998  
 8 through 2001, the Secretary shall (to the extent amounts  
 9 are made available to carry out this Act) make grants  
 10 under this section to a local bond authority to allow such  
 11 authority to repair its school infrastructure.

#### 12 (b) PLAN REQUIREMENT.—

13 (1) IN GENERAL.—The Secretary may make a  
 14 grant under this Act to a local bond authority for  
 15 a fiscal year only if—

16 (A) the local bond authority has submitted  
 17 to the Secretary an education plan for such fis-  
 18 cal year under section 102; and

19 (B) the plan has been determined under  
 20 section 103 to comply with the requirements of  
 21 section 102.

22 (2) WAIVER.—The Secretary may waive the ap-  
 23 plicability of the requirements under paragraph (1),  
 24 in whole or in part, if the Secretary finds that a  
 25 local bond authority has not complied or cannot

1       comply with such requirements due to circumstances  
2       beyond the control of the authority.

3       (c) ADMINISTRATIVE EXPENSES.—The Secretary  
4 shall, by regulation, authorize each recipient to use not  
5 more than 5 percent of any grant amounts received under  
6 this Act for any reasonable administrative costs.

7 **SEC. 102. EDUCATION PLANS.**

8       (a) PLAN SUBMISSION.—The Secretary shall provide  
9 for each local bond authority to submit an education plan  
10 as described in subsections (b) and (c).

11       (b) 4-YEAR PLAN.—Each education plan under this  
12 section shall be in a form prescribed by the Secretary and  
13 shall contain, with respect to the 4-year period beginning  
14 with the fiscal year for which the plan is submitted, the  
15 following information:

16       (c) 1-YEAR PLAN.—An education plan under this  
17 section for a local bond authority shall be in a form pre-  
18 scribed by the Secretary and contain the following infor-  
19 mation relating to the upcoming fiscal year for which the  
20 assistance under this Act is to be made available:

21 **SEC. 103. REVIEW OF PLANS.**

22       (a) REVIEW AND NOTICE.—

23               (1) REVIEW.—The Secretary shall conduct a  
24 limited review of each education plan submitted to  
25 the Secretary to ensure that the plan complies with

1 the requirements of section 102. The Secretary shall  
2 have the discretion to review a plan only to the ex-  
3 tent that the Secretary considers review is necessary.

4 (2) NOTICE.—The Secretary shall notify each  
5 local bond authority for which a plan is submitted  
6 whether the plan complies with such requirements  
7 not later than 60 days after receiving the plan. If  
8 the Secretary does not notify the local bond author-  
9 ity, as required under this subsection and subsection  
10 (b), the plan shall be considered, for purposes of this  
11 Act, to have been determined to comply with the re-  
12 quirements under section 102 and the local bond au-  
13 thority shall be considered to have been notified of  
14 compliance upon the expiration of such 60-day  
15 period.

16 (b) NOTICE OF REASONS FOR DETERMINATION OF  
17 NONCOMPLIANCE.—If the Secretary determines that a  
18 plan, as submitted, does not comply with the requirements  
19 under section 102, the Secretary shall specify in the notice  
20 under subsection (a) the reasons for the noncompliance  
21 and any modifications necessary for the plan to meet the  
22 requirements under section 102.

23 (c) REVIEW.—After submission of the education plan  
24 or any amendment or modification to the plan to the Sec-  
25 retary, to the extent that the Secretary considers such ac-

tion to be necessary to make determinations under this subsection, the Secretary shall review the plan (including any amendments or modifications thereto) to determine whether the contents of the plan—

(1) set forth the information required by section 102 to be contained in an education plan;

(2) are consistent with information and data available to the Secretary; and

(3) are prohibited by or inconsistent with any provision of this Act or other applicable law.

If the Secretary determines that any of the appropriate certifications required under section 102 are not included in the plan, the plan shall be deemed to be incomplete.

(d) **UPDATES TO PLAN.**—After a plan under section 102 has been submitted for a local bond authority for any fiscal year, the local bond authority may comply with the provisions of such section for any succeeding fiscal year (with respect to information included for the 4-year period under section 102(b) or the 1-year period under section 102(c)) by submitting only such information regarding such changes as may be necessary to update the plan previously submitted.

(e) **EFFECTIVE DATE.**—This section and section 102 shall take effect on the date provided by the Secretary.

1 **SEC. 104. REGULATIONS.**

2 Not later than 90 days after the date of the enact-  
 3 ment of this Act, the Secretary shall, by notice issued in  
 4 the Federal Register, establish any requirements nec-  
 5 essary to implement this Act.

6 **SEC. 105. AUTHORIZATION OF APPROPRIATIONS.**

7 There are authorized to be appropriated for grants  
 8 under this title \$2,000,000,000 for each of fiscal years  
 9 1998, 1999, 2000, and 2001.

10 **TITLE II—ALLOCATION OF**  
 11 **GRANT AMOUNTS**

12 **SEC. 201. ANNUAL ALLOCATION.**

13 For each fiscal year, the Secretary shall allocate any  
 14 amounts made available for assistance under this Act for  
 15 the fiscal year, in accordance with the provisions of part  
 16 A of title I of the Elementary and Secondary Education  
 17 Act of 1965.

18 **TITLE III—FEDERAL**  
 19 **GUARANTEES FOR FINANCING**

20 **SEC. 301. AUTHORITY AND REQUIREMENTS.**

21 (a) AUTHORITY.—To such extent or in such amounts  
 22 as provided in appropriations Acts, the Secretary may,  
 23 subject to the limitations of this title and upon such terms  
 24 and conditions as the Secretary may prescribe, guarantee  
 25 and make commitments to guarantee, the notes or other

1 obligations issued by local bond authorities, for the pur-  
2 poses of financing repairs to school infrastructure.

3 (b) LACK OF FINANCING ELSEWHERE.—A guarantee  
4 under this title may be used to assist a local bond author-  
5 ity in obtaining financing only if the local bond authority  
6 has made efforts to obtain such financing without the use  
7 of such guarantee and cannot complete such financing  
8 consistent with the timely execution of the program plans  
9 without such guarantee.

10 (c) TERMS OF LOANS.—Notes or other obligations  
11 guaranteed pursuant to this title shall be in such form  
12 and denominations, have such maturities, and be subject  
13 to such conditions as may be prescribed by regulations is-  
14 sued by the Secretary. The Secretary may not deny a  
15 guarantee under this title on the basis of the proposed  
16 repayment period for the note or other obligation, unless  
17 the period is more than 20 years or the Secretary deter-  
18 mines that the period causes the guarantee to constitute  
19 an unacceptable financial risk.

20 (d) LIMITATION ON OUTSTANDING GUARANTEES.—  
21 No guarantee or commitment to guarantee shall be made  
22 with respect to any note or other obligation if the total  
23 outstanding notes or obligations of the issuer guaranteed  
24 under this title (excluding any amount defeased under the  
25 contract entered into under section 302(a)(1)) would



1 thereby exceed an amount equal to 5 times the amount  
2 of the grant approval for the issuer pursuant to title III.

3 **SEC. 302. SECURITY AND REPAYMENT.**

4 (a) REQUIREMENTS ON ISSUER.—To assure the re-  
5 payment of notes or other obligations and charges in-  
6 curred under this title and as a condition for receiving  
7 such guarantees, the Secretary shall require the local bond  
8 authority issuing such notes or obligations to—

9 (1) enter into a contract, in a form acceptable  
10 to the Secretary, for repayment of notes or other ob-  
11 ligations guaranteed under this title;

12 (2) pledge any grant for which the issuer may  
13 become eligible under this Act;

14 (3) demonstrate that the extent of such issu-  
15 ance and guarantee under this title is within the fi-  
16 nancial capacity of the local bond authority and is  
17 not likely to impair the ability to use grant amounts  
18 under title I; and

19 (4) furnish, at the discretion of the Secretary,  
20 such other security as may be deemed appropriate  
21 by the Secretary in making such guarantees.

22 (b) REPAYMENT FROM GRANT AMOUNTS.—Notwith-  
23 standing any other provision of this Act—

24 (1) the Secretary may apply grants pledged  
25 pursuant to subsection (a)(2) to any repayments due

1 the United States as a result of such guarantees;  
2 and

3 (2) grants allocated under this Act for a local  
4 bond authority may be used to pay principal and in-  
5 terest due (including such servicing, underwriting,  
6 and other costs as may be specified in regulations is-  
7 sued by the Secretary) on notes or other obligations  
8 guaranteed pursuant to this title.

9 (c) FULL FAITH AND CREDIT.—The full faith and  
10 credit of the United States is pledged to the payment of  
11 all guarantees made under this title. Any such guarantee  
12 made by the Secretary shall be conclusive evidence of the  
13 eligibility of the obligations for such guarantee with re-  
14 spect to principal and interest, and the validity of any such  
15 guarantee so made shall be incontestable in the hands of  
16 a holder of the guaranteed obligations.

17 **SEC. 303. PAYMENT OF INTEREST.**

18 The Secretary may make, and contract to make,  
19 grants, in such amounts as may be approved in appropria-  
20 tions Acts, to or on behalf of a local bond authority issuing  
21 notes or other obligations guaranteed under this title, to  
22 cover not to exceed 30 percent of the net interest cost (in-  
23 cluding such servicing, underwriting, or other costs as may  
24 be specified in regulations of the Secretary) to the borrow-  
25 ing entity or agency of such obligations. The Secretary

1 may also, to the extent approved in appropriations Acts,  
2 assist the issuer of a note or other obligation guaranteed  
3 under this title in the payment of all or a portion of the  
4 principal and interest amount due under the note or other  
5 obligation, if the Secretary determines that the issuer is  
6 unable to pay the amount because of circumstances of ex-  
7 treme hardship beyond the control of the issuer.

8 **SEC. 304. TRAINING AND INFORMATION.**

9 The Secretary, in cooperation with eligible public en-  
10 tities, shall carry out training and information activities  
11 with respect to the guarantee program under this title.

12 **SEC. 305. LIMITATIONS ON AMOUNT OF GUARANTEES.**

13 (a) AGGREGATE FISCAL YEAR LIMITATION.—Not-  
14 withstanding any other provision of law and subject only  
15 to the absence of qualified applicants or proposed activities  
16 and to the authority provided in this title, to the extent  
17 approved or provided in appropriations Acts, the Secretary  
18 may enter into commitments to guarantee notes and obli-  
19 gations under this title.

20 (b) AUTHORIZATION OF APPROPRIATIONS FOR CRED-  
21 IT SUBSIDY.—There are authorized to be appropriated to  
22 cover the costs (as such term is defined in section 502  
23 of the Congressional Budget Act of 1974) of guarantees  
24 under this title such sums as may be necessary for each  
25 of fiscal years 1998, 1999, 2000, and 2001.

1       (c) FISCAL YEAR LIMITATIONS.—The Secretary shall  
2 monitor the use of guarantees under this title by local  
3 bond authorities. If necessary, the Secretary may impose  
4 limitations on the amount of guarantees any one local  
5 bond authority may receive in any fiscal year.

